

Analysis: The New Mexico Public Education Department's Final Martinez/Yazzie Action Plan

Focus Area: Funding Needed

November 2025

In the final draft, NMPED again fails to include any meaningful funding estimates. The approach of this second analysis is to provide more detailed feedback of *Critical Need 4, Effective Funding, Support, and Accountability to Drive Systemic Improvement*, and to highlight several other concerns and recommendations to consider.

Review and Analysis of Critical Need 4

The plan states four core issues for Critical Need 4. This analysis does not spend equal time on all core issues, as some do not include enough information to warrant individual analysis, and some are less specific to funding and more focused on accountability as measured by student achievement. Specifically, Core Issue 1 provides the most content that can be analyzed with a strong fiscal lens. Overall, the core issues loosely frame themes from community listening sessions and attach items from the sequenced action plan to those themes as evidence that NMPED is addressing the concern. This is done to varying degrees of effectiveness.

Core Issue 1: Equitable School Finance System

The description of Core Issue 1 focuses primarily on highlighting increases to the State Equalization Guarantee (SEG), appropriations through the Indian Education Fund, and additional appropriations intended to implement the Hispanic Education Act (HEA) and the Bilingual Multicultural Education Act (BMEA). This would be an excellent place for the plan to include graphs and charts of recent and relevant funding increases; a reference to an appendix showing the SEG allocations to each district that highlights how much is generated in each LEA for students with disabilities, English Learners, and students who are low-income; and a list or reference to an appendix of district allocations from the Indian Education Fund.

Adequacy and SEG Increases and Revision

As this section is written, it is unclear if NMPED believes there is currently enough designated funding for student groups named in Martinez/Yazzie. This section includes one of the very few references in the plan to a specific dollar amount, indicating simply that there has been a 70% increase in SEG funding since SY2018-19, raising the amount of funding in the SEG from \$2.646 billion to \$4.499 billion. The implication is that there is enough money in the system, but there is no evidence supporting this claim or supporting the counterargument that more dollars may be needed.

Nearly one quarter of the SEG covers salaries when considering the total amount added to the formula since 2018 for teachers, administrators, and other school personnel, which represents significant efforts to improve teacher pay. Adequate pay is related to teacher retention and recruitment (Learning Policy Institute, *Solving the Teacher Shortage: How to Attract and Retain Excellent Educators*, 2016), and salaries are typically the largest expense of public schools

(National Center for Education Statistics, Public School Expenditures, *Condition of Education*, 2024, retrieved from <https://nces.ed.gov/programs/coe/indicator/cmb/public-school-expenditure>), so this increase is likely to benefit students by supporting the growth of a highly qualified, experienced teacher and education staff workforce, and with strategic and thoughtful efforts, this could also help to diversify the entire education workforce. However, the entry-level salaries for teachers have not been raised since 2022. Although New Mexico's average starting salary for teachers is ranked seventh nationally, this would still fall approximately \$14,000 short of a minimum living wage for a family of one adult and one child, according to the National Education Association (NEA, *Educator Pay in America*, 2025). NMPED should consider including an annual review of the salary tiers to make recommendations to lawmakers regarding future increases.

The state has also significantly increased and modified the at-risk index factor in the SEG, raising it from 0.13 in 2018 to 0.33 during the 2023 Legislative Session. In the Martinez/Yazzie ruling, the Court agreed that it is likely to cost 25-50% more to educate students classified as "at risk" compared to their peers. With the at-risk index increased to 0.33, the SEG was providing 21% more funding for students generating at-risk units. (Fiscal Impact Report for HB63, 2025)

Aside from the increases to the at-risk index since 2019, the SEG was more comprehensively revised in the 2025 Legislative Session. This replacement incorporated the Family Income Index to determine low-income students to replace the Title I indicator for poverty, and created two factors related to English Learners. The new at-risk index factor is now 0.40, and the two English Learner factors are 0.33. (LESC analysis for HB63, 2025) This means that, considering the impact of both the new at-risk factor and the English Learner factors, the SEG will distribute 23% more funding for students generating these units. (Fiscal Impact Report for HB 63, 2025) Notably, this does not reach the low end of the estimate of a 25% additional cost to educate at-risk students.

Additionally, while using the Family Income Index is an improvement in identifying students in poverty, only students living in families at or below 130% of the federal poverty level (FPL) generate units. However, it is widely agreed that the FPL dramatically underestimates poverty, and families earning up to 250% FPL often still struggle financially to provide for their basic needs (New Mexico Voices for Children, *From Poverty to Prosperity: Understanding the Impact of Income Supports in the Data*, 2024). NMPED should evaluate how to revise the SEG further so students in families up to this level of poverty generate units through the formula.

Despite these improvements, there has been no change to the index used to generate special education units in the SEG in recent years, no change to the factor generating bilingual multicultural education program units, and there is no factor included to specifically provide funding for programs and services designed to support Native American students.

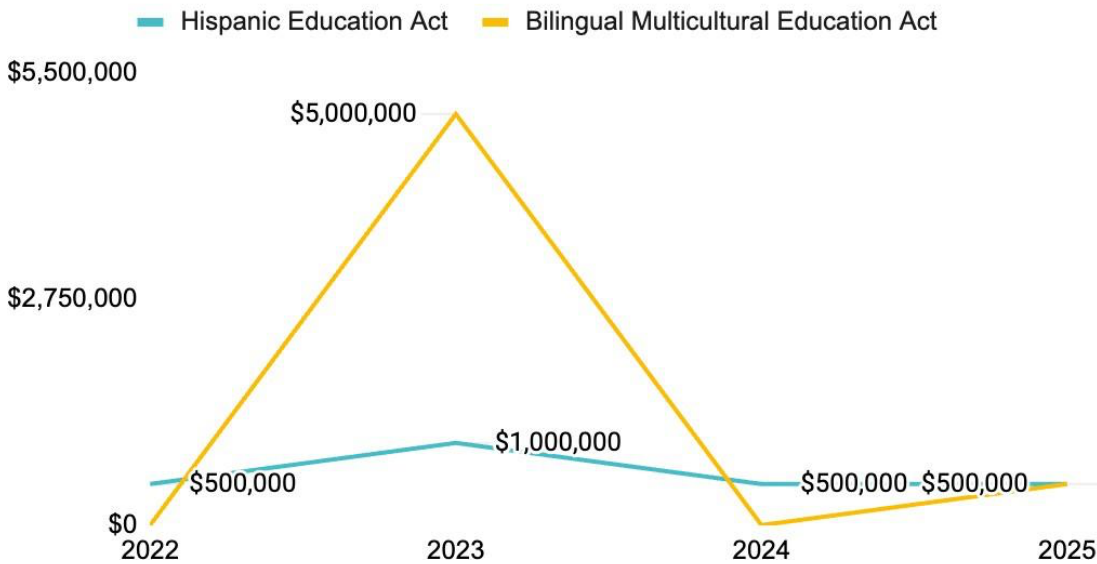
Appropriations Supporting Implementation of Statute

In addition, this section references Indian Education Fund allocations and funding for implementation of the HEA and BMEA. A look at this funding over time shows that these appropriations have historically been fairly negligible in the larger budget for public education.

The plan states that \$90 million has been appropriated over the next three years to the Indian Education Fund (page 139). In the budget for FY2026, passed in the 2025 Legislative Session, there are two appropriations that total \$30 million for FY2026. One is a categorical appropriation to the Indian Education Fund in Section 4 of HB 2 for \$20 million. It is unclear if the Legislature is bound to maintain this level of appropriation in the coming years, as the Legislature began appropriating \$20 million each year in 2023, but this analyst can find no language in HB 2 that binds the Legislature to maintain this amount, and no additional legislation was passed placing this amount in statute. The other appropriation is a special appropriation in Section 5 of HB 2 for \$30 million for the Indian Education Act (IEA) to be evenly split over the next three years. NMPED should add to the actions related to Indian Education Fund appropriations a study to determine if the funding amounts distributed to New Mexico Pueblos, Tribes, and Nations are enough to make a measurable difference in programs and services provided. Additionally, this issue points to a larger, structural concern that funding may be perceived as recurring and permanent even when there appears to be no legally binding requirement to sustain funding at current levels.

Funding appropriated for the HEA and BMEA is located in Section 5, Special Appropriations, in every budget bill where an appropriation for these two acts was included since 2018. Appropriations supporting the HEA began in 2022, and BMEA appropriations began in 2023. As is evident in the graph below, the funding for the HEA has typically remained steady at \$500,000 each year but one, with the 2023 appropriation doubling. However, funds for the BMEA have fluctuated significantly, with a \$5 million appropriation in 2023, no funding in 2024, and \$500,000 in 2025. It is unclear if there is a strategic reason for these fluctuations. NMPED should also include an action in the plan to evaluate the cost of fully implementing and sustaining the HEA and BMEA, as well as the IEA (currently receiving a special appropriation in Section 5 of HB 2 in 2025 of \$30 million to be divided evenly over the next three years), and work to pass legislation and/or adjust appropriation requests accordingly.

Special Appropriations, HEA and BMEA (2022-2025)



Source: New Mexico Voices for Children analysis of HB 2 appropriations, 2022-2025

Table 11 Alignment of PED Actions and Community Themes

4.1a is listed as responsive to two separate community concerns: the desire for consistent, equitable, fair, and effective funding that supports diverse student needs; and the request for the state to consider revising funding formulas and other legislative measures to ensure resources allocated to serve specific student populations are spent on programs for these students. Action 4.1a calls for NMPED to evaluate the specific factors in the SEG that generate funds for three of the four named student groups in the lawsuit, including a consideration of whether additional factors are needed to support all four student groups. Action 4.1a is more suitable as the response for the latter community concern, while the former calls for an action that is not included in the plan: responding to the first concern will require NMPED to evaluate more than just the SEG, determine funding estimates, and evaluate whether available funding is consistent and sufficient to reach compliance with the Martinez/Yazzie ruling.

Recommended Additional Actions to Respond to Core Issue 1

- Include materials in the plan, such as graphs and charts of recent and relevant funding increases; a reference to an appendix showing the SEG allocations to each district that highlights how much is generated in each LEA for students with disabilities, English Learners, and students who are low-income; and a list or reference to an appendix of district allocations from the Indian Education Fund. Create an action to deeply analyze spending compared to costs.

- Evaluate whether the SEG covers all costs for LEAs, and analyze how funds generated by students named in the lawsuit are spent. Determine ways to ensure dollars support programs and services that support the named student groups in Martinez/Yazzie.
- Determine a regular schedule for reviewing and increasing entry-level teaching salaries according to New Mexico’s system of tiers.
- Conduct research to support the need for additional funding to meet the needs of students considered “at risk” in keeping with the agreed upon finding that it takes 25-50% more funding to appropriately educate these students to the level of their peers.
- Provide research and collect evidence of precedence to increase the poverty level that qualifies a student as living in a low-income family to 250% FPL so the SEG generates a more adequate amount of funding for students who come from economically disadvantaged backgrounds.
- Develop a clear strategy for requesting and spending special appropriations for the HEA, BMEA, and IEA, as well as determine the sustainability of the appropriation to the Indian Education Fund in Section 4 of the budget bill.
- Evaluate recurring and nonrecurring appropriations to ensure the agency, governor, and legislators are all on the same page regarding the critical components of the education budget that must be sustained.

Core Issue 2: Effective Local Spending

Core Issue 2 is described as ensuring funds are spent effectively and in alignment with their intended purposes, specifically highlighting the needs for local spending to support infrastructure and capital improvements as well as naming the need to spend funds on social, emotional, and academic interventions that are research- or evidence-based like tutoring, after school programs, culturally relevant curricula, compensation strategies, college and career readiness, and parent and family engagement.

Table 12 Alignment of PED Actions and Community Themes

The listed actions should likely include a review of the SEG. Additionally, there should be an action included in the plan to engage with school boards and superintendents to understand local community needs and determine needed flexibility in spending to meet the unique circumstances of all LEAs throughout the state. This should be the wraparound component of action items like 4.2b and 4.2c for NMPED to collect and review school budget data and require LEAs to publish cash reserve balances publicly. These components for review and transparency do not go far enough to work collaboratively with LEAs to effectively request appropriations and promulgate rules responsive to specific district funding and spending needs to adequately provide services for the student groups named in Martinez/Yazzie throughout the state.

Recommended Additional Actions to Respond to Core Issue 2

- Create collaborative working groups with LEA leadership to better understand school budget data and to build stronger support for transparency in a unifying way while meeting the individualized needs of school districts and charter schools.

Core Issue 3: Accountability System

This issue highlights the desire for transparency in how funds are spent for services in support of the students named in Martinez/Yazzie, as well as how effective services are. Primarily, NMPED describes measures of effectiveness as student proficiency on assessments, student growth, progress toward English-language proficiency for English Learners, and cohort graduation rates. While part of this is about student outcome data and presenting that information clearly and transparently, part of this core issue relates to understanding school spending. It would be helpful for this core issue to be divided into two subcomponents to clearly separate the issue of budget transparency from the issue of readily available and appropriate student outcome data, while still indicating the symbiotic relationship between the two pieces.

Table 13 Alignment of PED Actions and Community Themes

The listed actions are more strongly aligned with themes based on community concerns.

Recommended Additional Actions to Respond to Core Issue 3

- Divide Core Issue 3 into two subcomponents to tease out the different but related challenges of budget transparency and easily accessible student outcome data.

Core Issue 4: Support, Coordination, and Implementation of Efforts That Improve Student Outcomes

Core issue 4 primarily highlights the challenge of creating a statewide plan with such a wide variety of LEA characteristics and while respecting local control.

Table 14 Alignment of PED Actions and Community Themes

Some of the listed actions feel more relevant to the themes based on community concerns than others, and overarchingly, the actions in this table seem to miss the mark on a need for collaborative efforts between NMPED and LEAs in developing the necessary types of support needed for improvement.

Recommended Additional Actions to Respond to Core Issue 4

- Create collaborative working groups with LEA leadership to better understand school budget data, build stronger support for transparency, and design a supportive system and process for school improvement.

Critical Need 4 Sequenced Action Plan

The sequenced action plan for Critical Need 4 includes four goals, and each has subcategories with corresponding actions across a three-year period, similar to the rest of the plan. This analysis will highlight areas for improvement for this section of the plan.

Areas for Improvement

- *Evaluating existing funding structures*
There is a clear need to evaluate funding changes as they happen to determine effectiveness

NMPED should make all evaluation plans and final reports publicly available each year as appropriate.

- *Identifying a need to determine how funds are spent*

There is a need for a deeper understanding of how funds are spent, if funds are appropriately targeted, the impact of spending on the named student groups, and a need to make spending information more transparent. It is critical to understand how funding is being spent, and NMPED should broaden its scope to consider how appropriation requests can thoughtfully inform intended uses of funds and how rulemaking can support flexibility for LEAs, as well as review how funds are distributed to LEAs outside of the SEG and whether those funds have different challenges and strengths in how they can be used.

- *Explicitly estimating funding needs*

This plan represents an opportunity for NMPED to establish estimated costs to implement the public school system New Mexico students deserve, and the agency abjectly failed to do this. By avoiding this critical piece of a truly comprehensive plan, NMPED cannot be considered in compliance with the Martinez/Yazzie ruling. If the agency responsible for presenting budget requests to the Legislature will not estimate the needed funding, especially in the case of programs and services with very obvious and concrete costs, it leaves the entire plan open to underfunding and our students open to a system that continues to fail in meeting their educational needs.

- *More specificity in assigning responsibility*

While each action item includes a list of responsible entities, the plan should provide more specifics. For example, if NMPED is listed, this should include the bureau or division within the agency that will take on the work, and if the Legislature is listed, it should be clarified whether this means NMPED will work with LESC or LFC, or whether the plan is to lobby legislators to amend or make laws. It is especially critical to understand where in NMPED work will be assigned to determine if staffing is sufficient to manage the workload.

- *Need for more meaningful data points related to funding changes in recent years*

When the sequenced action plan highlights items considered as Progress to Build On, NMPED should include specific data supporting recent outcomes. For example, can NMPED indicate an increase in Indian Education Fund dollars distributed as a result of 2025 amendments to 6.35.2 NMAC as indicated by FY26 distributions in comparison to prior years? Can NMPED show data related to more teachers recruited as a result of teacher housing project pilots, or an increase in capital projects with the decrease in local match requirements? Can the agency indicate it is collecting these data, even if it is too early to truly evaluate impact? The lack of metrics reported under the Progress to Build On column brings into question whether NMPED has the current capacity to measure success in relation to the scope of Critical Need 4, especially with many planned actions related specifically to evaluating funding formulas and spending.

- *No metric for determining if stakeholders agree with items identified as “Progress to Build On”*

Several items in the Progress to Build on Category may not be actions that the plaintiffs would agree should be built upon. By centering the agency’s current and recent initiatives with this self-determination of progress made, NMPED misses the opportunity to appropriately center not only the will of the Court and the request of the plaintiffs, but the four student groups named in the Martinez/Yazzie lawsuit, in the proposed solutions.

- *Insufficient actions over time*

In many cases, the listed actions represent this specific moment in time and include a checklist of immediate activities as opposed to long-term, comprehensive actions that can lead to transformative change in available resources, equitable funding mechanisms, and effective spending. For example, there are no actions designed to truly evaluate the entire ecosystem of funding sources and mechanisms or budget adequacy for NMPED, LEAs, or at the school level. Additionally, it is insufficient to only include three years of actions without a framework or schedule for continuing the work beyond 2028. This adds to the sense that this is a checklist to attempt to comply with the Court, and not a comprehensive plan to transform education funding and spending to give students the education system they deserve.

- *Lack of schedule for iterative feedback*

In this section, as in the others, the plan states that this is a living document, and as such, outcomes will be publicly reported and discussed, as well as monitored, evaluated, and refined. However, there is no schedule included for how often reports will be made available, or what opportunities stakeholders will have to offer meaningful, iterative feedback as adjustments are made to the scheduled actions in the plan.

Outcomes for Critical Need 4

The outcomes section does not include strong metrics to determine if outcomes have been met, other than to say all LEAs will be trained to use the online assessment tool and the unified application for funds, and that NMPED will review all DASH plans annually. Additionally, there is no outcome included to provide continuous monitoring and evaluation of whether funding amounts are sufficient. NMPED should consider adding relevant annual benchmarks to meet short-term and long-term goals, in this and every section.

Other Concerns and Recommendations

Political and Structural Concerns

If the agency declines to include estimated costs on the premise that it does not want to tie the hands of the Legislature, it is more critical for NMPED to consider what might happen to the funding for education under future administrations and as new lawmakers are elected if they *do not* make the cost estimates now. Without creating some sort of estimate to use as a starting point, there is no financial plan or clarity of vision for the next administration to carry on the work effectively, let alone to come into compliance with the Martinez/Yazzie ruling. By choosing not to estimate the necessary funding for an education system that supports the student groups named in the lawsuit, NMPED may inadvertently set a precedent of starting over with every new administration and ultimately perpetuating a system that becomes paralyzed by a lack of

information and is unable to deliver on the constitutional requirement of a sufficient education for our students.

In addition to these concerns for longevity of the plan under future administrations and legislators, there are also structural concerns within NMPED, including high rates of turnover. The agency did not include in the plan any goals or funding needs to improve its capacity or retain staff for itself, which also leads to instability of projects and a lack of progress. Without any goals designed to strengthen NMPED included in the plan, let alone the associated costs to build necessary capacity, it is difficult to believe that the agency will be able to carry out the work included in the plan.

In light of these factors, every appropriation will need to be written with a very clear purpose to ensure funds are used for the intended purpose, making the need for funding estimates even more critical.

NMPED's Authority and Responsibility to Develop and Request Appropriations

In Table 1 (page 8) of the action plan, NMPED lays out a list of responsible partners, what each partner is able to do, and the typical roles they play. Notably, NMPED presents its role as the entity responsible for implementing laws through rulemaking, providing technical assistance and oversight, and distributing and awarding money to LEAs. While these are key functions of the agency, this plan does not describe NMPED's critical role in developing budget requests for consideration by the Legislature as the LFC creates its budget recommendation, or how this responsibility contributes to the Executive budget recommendation. It is vital that NMPED sees itself as the entity with the knowledge and expertise to advise the Legislative and Executive branches of government as to the necessary appropriations needed. As the party responsible for initial budget requests, NMPED needs to include estimates related to the SEG, below-the-line and categorical requests, and agency needs for additional staff or consultants as needed.

Building NMPED's Capacity to Analyze and Evaluate Funding Uses and Adequacy

NMPED does not include any goals or actions for increasing agency capacity. Estimated costs to fill appropriate positions should be included in the plan, particularly for the significant number of actions requiring analysis and evaluation, and/or an estimated request for a line item to specifically hire the types of consultants the agency may need to carry out the work. This is also true for developing the proposed tools for tracking spending and student outcomes. Appropriations could be requested in HB 2 under Section 4 with language specifying how funds can be used for these purposes, or as a special appropriation in Section 5. Additionally, NMPED could consider requesting PERF funds for multiyear use in Section 9 to develop and implement proposed tools or to conduct certain evaluations in conjunction with the LFC and LESC, as appropriate.

Need to Create Short- and Long-Term Cost Estimates

It is clear that, despite the fact that NMPED presents an agency budget request and a public school support request to LFC, LESC, and the Governor annually, the agency is unable to create short- and long-term cost estimates on its own. While this can be a very intensive and challenging task, it is not impossible. WestEd has created plans for other states, notably the [Leandro](#) plan for North Carolina (see pages 34-51 and Appendices J and K), that do include funding estimates. NMPED has relationships with LESC and LFC staff members who have deep knowledge of state budget and programmatic costs. The agency should ask for the support of WestEd, LFC, and LESC to establish a working group to create the cost estimates that must be included as part of the action plan.